

HEARING DIVISION PROPOSED AMENDMENT #1

TIME/DATE PREPARED: April 7, 2014, 11:30 a.m.



COMPANY: Montezuma Rimrock Water Company, LLC

AGENDA ITEM NO.: U

0000152308

DOCKET NO.: W-04254A-12-0204;  
W-04254A-12-0205; W-04254A-12-0206;  
W-04254A-12-0207; W-04254A-11-0323;  
W-04254A-08-0361; and  
W-04254A-08-0362

OPEN MEETING: DATE: 4/8/14 & 4/9/14

**Page 13, Line 15:**

DELETE: "by"

INSERT: "be"

ORIGINAL

**Page 90, Line 23; Page 91, Lines 3 and 10-11; Page 92, Lines 14 and 16:**

DELETE: "inter alia"

INSERT: "*inter alia*"

**Page 101, Line 26, in Footnote 64:**

DELETE: "decision"

INSERT: "Decision"

RECEIVED  
2014 APR - 7 P 2:17  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**Page 107, Line 5:**

DELETE: "\$83,694"

INSERT: "\$81,567"

**Page 135, Line 5:**

DELETE: "week"

INSERT: "weak"

Arizona Corporation Commission

DOCKETED

APR 07 2014

**Page 141, Line 23:**

DELETE: "that that"

INSERT: "that"

DOCKETED BY

THIS AMENDMENT:			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____	

**Page 154, Line 16:**

DELETE: "46"

INSERT: "47"

**Page 112, Line 16, after "2.14 percent":**

INSERT: "and rate of return of 4.11 percent"

**Page 112, Line 18, after "10.56 percent":**

INSERT: "and rate of return of 22.14 percent"

**Page 115, Line 6, after "it":**

INSERT: "is"

**Page 115, Line 8, after "purposes.":**

INSERT a new footnote, with the following text:

"In this matter, although Staff provided a calculation of the rate of return represented by each of its different cash flow scenarios regarding long-term debt and corresponding surcharges, Staff's testimony focused on supporting its recommendation for rates to be established using its cash flow analysis and operating income rather than by applying a rate of return on rate base. (See Tr. at 873-74, 1047, 1066-74.) We are approving a fair value rate base higher than that recommended by Staff. The Commission is cognizant of the requirement in Article 15, § 14 of the Arizona Constitution for the Commission to determine fair value rate base in order to establish rates; the Commission is also cognizant of Article 15, § 3 of the Arizona Constitution and the long history of jurisprudence recognizing that a public service corporation's just and reasonable revenue requirement and corresponding just and reasonable rates and charges are generally to be established by applying a reasonable rate of return to the public service corporation's fair value rate base as determined by the Commission. (See, e.g., *Simms v. Round Valley Light & Power Co.*, 80 Ariz. 145, 294 P.2d 378 (1956).) Additionally, no party provided legal authority to support the position that it is just and reasonable for the Commission to establish rates for a public service corporation with a significant positive rate base using an operating income or cash flow analysis rather than using the public service corporation's fair value rate base."

**Make all conforming changes.**

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn